



LEGAL SERVICES CORPORATION

Notice of Proposed Revisions to the Audit Guide for Recipients and Auditors, the Compliance Supplement (Appendix A), and Appendices B – E

AGENCY: Office of Inspector General, Legal Services Corporation.

ACTION: Notice.

SUMMARY: The Legal Services Corporation (LSC) Office of Inspector General (OIG) drafted revisions to its Audit Guide for Recipients and Auditors, (Audit Guide), the Compliance Supplement (Appendix A) and Appendices B-E. LSC OIG seeks comments on the draft Audit Guide, the draft Compliance Supplement (Appendix A), and Appendices B-E.

DATES: Comments must be received by **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER.]**

ADDRESSES: You may submit comments by any of the following methods.

Instructions: Electronic submissions are preferred via email with attachments in Acrobat PDF format. LSC OIG may not consider written comments sent via email after the end of comment period or comments sent via U. S. Mail not postmarked on or before the end of the comment period.

Email: audits@oig.lsc.gov. Please include “Audit Guide Comment” or “Appendix X Comment” in the subject line of the message.

Fax, U.S. Mail, Hand Delivery, or Courier: Please call (202) 295-1671 for instructions if you need to send materials by one of these methods.

FOR FURTHER INFORMATION CONTACT: Grace Nyakoe, Audit Director at 202-295-1662 or gnyakoe@oig.lsc.gov.

SUPPLEMENTARY INFORMATION:

The Legal Services Corporation Office of Inspector General (LSC OIG) has conducted a comprehensive review of the Audit Guide, the Compliance Supplement, and Appendices B - E:

- Appendix A – Compliance Supplement
- Appendix B – Summary Report Form on Noncompliance with Laws and Regulations, Questioned Costs and Reportable Conditions (Summary Report Form or SRF)
- Appendix C – The Recipient 5-Day Letter to the OIG of the Independent Public Accountants (IPA) “Special Report on Noncompliance with Laws and Regulations” (Recipient 5-Day Letter)
- Appendix D – The Auditor 5-Day Letter to the OIG of the IPA’s “Special Report on Noncompliance with Laws and Regulations” not Reported by Recipient (Auditor 5-Day Letter)
- Appendix E – The Auditor Notification on Cessation of Services

The LSC Audit Guide was published in December 1996 and is outdated. Aside from one Audit Bulletin issued in 1997, it has not been updated since then. Appendix A, Compliance Supplement for Audits of LSC Recipients was updated April 2016. The Audit Guide and appendices require revision to incorporate changes to LSC regulations, auditing standards, or other guidelines that have changed. The changes are to enhance clarity to guidance and suggested audit procedures.

Updating the Audit Guide, Compliance Supplement and appendices is essential in fulfilling the OIG’s responsibility for oversight. The Audit Guide and appendices provide a uniform approach for audits of LSC recipients and describes recipients' responsibilities with respect to such audits. Audits of recipients are to be performed in accordance with this Audit Guide and Compliance Supplement (Appendix A), among other criteria. The

Audit Guide gives auditors guidance in planning and performing audits to accomplish audit objectives.

Significant changes include eliminating the requirement to classify LSC recipients as High-Risk; adding a requirement to consider all LSC funds as major programs regardless of spending threshold; and revisions to suggested audit procedures for changes to 45 CFR part 1635—Timekeeping Requirement. The appendix designations have changed because we eliminated the appendices addressing a Sample Audit Agreement and Guide for Procurement of Audit Services. Information on these topics is readily available from other sources.

LSC OIG has published the draft Audit Guide, the Compliance Supplement (Appendix A) and Appendices B-E for comment on the “Overview of Audit Guidance” page at <https://www.oig.lsc.gov/ipa-resources/audit-guidance>. LSC OIG seeks comments on these documents. LSC OIG will review the comments and, if possible, implement the Audit Guide and the appendices with appropriate revisions before December 31, 2023. Once a final Audit Guide and appendices are published, the OIG will offer training to LSC grantees and their auditors.

(Authority: 42 U.S.C. 2996g(e))

Dated: December 1, 2022.

Stefanie Davis,

Senior Associate General Counsel.